

Revisit to Menu Pricing: Specialization to Shipping or Shopping

Yuta Yasui

January 18, 2014

Abstract

It is often observed that some firms sell their products only at their stores and , on the other hand, other firms provides theirs only by delivery. Even though there is substantial amount of literature on comparison of attractiveness of mill pricing and uniform delivery pricing, many of them ignore possibility of another realistic pricing; menu pricing, where consumers can choose pick-up or delivery. This paper gives a reason why some firms stick to sell at stores and other stick to deliver even if it is allowed to offer both of service at the same time without any fixed cost for additional service. In a view point of efficiency, it is shown that a monopolist may stick to one service in which they do not have cost advantage.